

Message Text

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PAGE 01 STATE 078235
ORIGIN EB-08

INFO OCT-01 EUR-12 ISO-00 AGRE-00 AID-05 (ISO) R

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APPROVED BY EB/ORF/OFD/FPD-PAUL D. TAYLOR

USDA/OGSM/CEP/EPD:KSTEPHENS

USDA/FAS - RNEETZ

USDA/FAS/AA - SBROWN(PARA. 4)

DESIRED DISTRIBUTION

AID/OFDA

-----080131Z 113137 /66

P R 072230Z APR 77

FM SECSTATE WASHDC

TO AMEMBASSY BUCHAREST PRIORITY

INFO AMEMBASSY BELGRADE

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E.O. 11652:N/A

TAGS: EAGR, ETRD

SUBJECT: POSSIBLE CCC CREDITS FOR ROMANIA

REF: (A) BUCHAREST 2077, (B) BUCHAREST 2357

(C) BUCHAREST 1875

BELGRADE FOR AGATT

1. DEPARTMENT HAS REVIEWED WITH USDA POSSIBILITIES FOR PROVIDING ADDITIONAL LINES OF CCC CREDIT TO ROMANIA AS PART OF USG RESPONSE TO EARTHQUAKE. THIS MESSAGE DEALS ONLY WITH CCC FINANCING; POSSIBILITIES FOR FOOD AID UNDER PL-480 AND THE FOREIGN ASSISTANCE ACT HAVE BEEN DEALT WITH IN STATE 70460.

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PAGE 02 STATE 078235

2. IN REVIEWING THE LIST OF COMMODITIES MENTIONED IN REF-TELS TO DETERMINE WHETHER ANY MIGHT BE SUITABLE FOR FINANCING UNDER CCC'S EXPORT CREDIT SALES PROGRAM, USDA HAS PROVIDED THE FOLLOWING COMMENTS:

A. COTTON: ALTHOUGH TECHNICALLY ELIGIBLE FOR CCC

FINANCING, COTTON REMAINS VERY TIGHT. ONLY VERY LIMITED AMOUNT OF FUNDING AVAILABLE THIS YEAR, AND USDA WOULD LIKE

TO RESERVE IT FOR USE WHERE NECESSARY TO PRESERVE REGULAR US SHARE OF MARKET.

B. SOYBEANS AND SOYBEAN MEAL: THESE PRODUCTS ARE NOT ELIGIBLE FOR FINANCING BECAUSE U.S. SUPPLIES ARE VERY LIMITED UNTIL THE NEW CROP IS HARVESTED IN OCTOBER.

C. SOYBEAN OIL: ALTHOUGH PRESENTLY ELIGIBLE FOR FINANCING, PRICES HAVE RISEN CONSIDERABLY IN THE LAST MONTH. IN VIEW OF TIGHTENING SUPPLY SITUATION, USDA RESERVING JUDGMENT ON WHETHER IT WILL BE ABLE TO APPROVE ANY SUBSTANTIAL AMOUNT OF SOYBEAN OIL CREDITS. REVIEW OF DATA ALSO INDICATES THAT ROMANIA MAY NOT BE A LARGE OIL IMPORTER. BEFORE USDA COULD CONSIDER CREDIT FOR OIL, IT WOULD NEED ROMANIAN SUPPLY AND DEMAND DATA FOR OIL AND OIL-SEEDS FOR RECENT YEARS AND ESTIMATES OF IMPORTS FROM U.S. AND WORLD.

D. WHEAT FLOUR: WHEAT AND WHEAT FLOUR ARE IN AMPLE SUPPLY AND ARE ELIGIBLE FOR FINANCING. WE NOTE, HOWEVER, THAT ROMANIA WILL LIKELY BE WHEAT EXPORTER THIS YEAR. USDA WOULD NEED DATA FROM EMBASSY IN SUPPORT OF WHEAT FLOUR CREDITS.

E. DRIED BEANS: PINTO AND NAVY BEANS ARE IN GOOD SUPPLY AND COULD BE FINANCED. WE WOULD AGAIN NEED DATA LIMITED OFFICIAL USE

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PAGE 03 STATE 078235

IN SUPPORT OF CREDIT.

F. SORGHUM: ROMANIA HAS EXPRESSED CONTINUING INTEREST IN OBTAINING FINANCING FOR SORGHUM. USDA WILLING TO CONSIDER CREDIT WHEN NEEDED DATA IS SUBMITTED.

G. RICE: ALTHOUGH NOT MENTIONED IN REFTELS, ROMANIA APPEARS TO BE REGULAR IMPORTER OF RICE. SINCE U.S. SUPPLIES ARE AMPLE, USDA WOULD CONSIDER A REQUEST FOR FINANCING THIS COMMODITY. ROMANIAN OFFICIALS WOULD NEED TO SUBMIT USUAL DATA IN SUPPORT OF CREDIT.

H. EDIBLE SOY PROTEIN: COMMODITY IS ELIGIBLE FOR FINANCING. US MAY NOT BE ABLE TO SUPPLY LARGE AMOUNT BECAUSE INDUSTRY CAPACITY IS PRESENTLY LIMITED.

3. WITH REGARD TO EMBASSY SUGGESTION IN PARA. 8 (C) OF REFTEL B, USDA HAS ADVISED THAT TERMS FOR CCC CREDIT ARE THE SAME FOR ALL RECIPIENTS AND USDA DOES NOT HAVE AUTHOR-

ITY TO MODIFY THEM FOR THE BENEFIT OF AN INDIVIDUAL
COUNTRY.

4. IN ORDER TO WORK OUT A SUITABLE PROGRAM OF CCC CREDITS
FOR ROMANIA, I.E., ONE THAT MATCHES US COMMODITIES CURRENT-
LY ELIGIBLE FOR FINANCING WITH ROMANIAN NEEDS, IT WILL
BE NECESSARY TO GET UP-DATED, POST-EARTHQUAKE INFORMATION
FROM GOR ON SUPPLY/DEMAND AND IMPORT/EXPORT PROJECTIONS
FOR THE RELEVANT COMMODITY. IN THIS REGARD, IT MIGHT BE
USEFUL TO EXPLORE WITH ROMANIANS POSSIBILITY OF VISIT BY
AGATT SVEC FOR COMPREHENSIVE REVIEW. (WE WOULD APPRECIATE
AGATT'S REACTION TO THIS SUGGESTION BEFORE EMBASSY RAISES
WITH GOR.) IN ADDITION, AND WITH A VIEW TOWARD LONGER-
TERM PROSPECTS OF CCC FINANCING IN ROMANIA, USDA PLANS TO
INCLUDE CCC PROGRAM IN AGENDA FOR MAY 23-27 AGRICULTURE
WORKING GROUP MEETING IN BUCHAREST AND US DELEGATION WILL
PROBABLY INCLUDE SOMEONE FROM THE OFFICE OF THE GENERAL
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PAGE 04 STATE 078235

SALES MANAGER.

5. IN DISCUSSIONS WITH GOR ABOUT POSSIBLE CCC FINANCING,
EMBASSY SHOULD STRESS THAT SUFFICIENT DATA WILL BE REQUIRED
IN ORDER TO JUSTIFY ANY CREDIT REQUEST IN THE NATIONAL
ADVISORY COUNCIL.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CREDIT, DISASTER RELIEF, FOREIGN ASSISTANCE, NATURAL DISASTERS, EARTHQUAKES
Control Number: n/a
Copy: SINGLE
Sent Date: 07-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE078235
Document Source: CORE
Document Unique ID: 00
Drafter: FJSPILLMAN/EUR/EE:SFROMOWITZ:ML
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770122-0428
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770476/aaaacogy.tel
Line Count: 146
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: a01449a8-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 BUCHAREST 2077, 77 BUCHAREST 2357, 77 BUCHAREST 1875
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 09-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2863261
Secure: OPEN
Status: NATIVE
Subject: POSSIBLE CCC CREDITS FOR ROMANIA
TAGS: EAGR, ETRD, US, RO, CCC-1
To: BUCHAREST
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/a01449a8-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009